

EXHIBIT 1

INTRODUCTION

Respondent Affiliated Community Healthcare Physicians (“ACHP”), also known as Affiliated Catholic Healthcare Physicians, is a lobbyist employer located in Los Angeles. For the six quarterly reporting periods between April 1, 1999 and September 30, 2000, Respondent failed to timely file six lobbyist employer reports. This matter arose from a referral from the Secretary of State’s Office.

For the purposes of this stipulation, Respondent’s violations of the Political Reform Act (the “Act”)¹ are stated as follows:

- COUNT 1: Respondent Affiliated Community Healthcare Physicians failed to timely file a Report of Lobbyist Employer (Form 635) for the quarter ending June 30, 1999, by the August 2, 1999 due date, in violation of Section 86117, subdivision (a).
- COUNT 2: Respondent Affiliated Community Healthcare Physicians failed to timely file a Report of Lobbyist Employer (Form 635) for the quarter ending September 30, 1999, by the November 1, 1999 due date, in violation of Section 86117, subdivision (a).
- COUNT 3: Respondent Affiliated Community Healthcare Physicians failed to timely file a Report of Lobbyist Employer (Form 635) for the quarter ending December 31, 1999, by the January 31, 2000 due date, in violation of Section 86117, subdivision (a).
- COUNT 4: Respondent Affiliated Community Healthcare Physicians failed to timely file a Report of Lobbyist Employer (Form 635) for the quarter ending March 31, 2000, by the May 1, 2000 due date, in violation of Section 86117, subdivision (a).
- COUNT 5: Respondent Affiliated Community Healthcare Physicians failed to timely file a Report of Lobbyist Employer (Form 635) for the quarter ending June 30, 2000, by the July 31, 2000 due date, in violation of Section 86117, subdivision (a).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

COUNT 6: Respondent Affiliated Community Healthcare Physicians failed to timely file a Report of Lobbyist Employer (Form 635) for the quarter ending September 30, 2000, by the October 31, 2000 due date, in violation of Section 86117, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (b), is to ensure that the activities and finances of lobbyists are disclosed, so that improper influences are not directed at public officials. To that end, the Act requires registration and reporting by individuals and entities that make or receive payments for the purpose of influencing decisions of the State Legislature and state administrative agencies under the lobbying provisions contained in Sections 86100 through 86300.

One feature of the lobbyist reporting system, found at Section 86116, is that any person who qualifies as a “lobbyist employer” is required to file periodic reports containing information about the lobbying activities being conducted on behalf of the lobbyist employer. Under Section 82039.5, a person, other than a lobbying firm, qualifies as a “lobbyist employer” if the person either: (a) employs one or more lobbyists, for economic consideration, for the purpose of influencing legislative or administrative action; or (b) contracts for the services of a lobbying firm, for economic consideration, for the purpose of influencing legislative or administrative action.

Section 86117, subdivision (a), provides that the periodic reports required by Section 86116 must be filed by the end of the month following each calendar quarter.² Section 86118 requires that the periodic reports of lobbyist employers shall be filed with the Secretary of State.

SUMMARY OF THE FACTS

Respondent Affiliated Community Healthcare Physicians, also known as Affiliated Catholic Healthcare Physicians, is a lobbyist employer located in Los Angeles. ACHP has been a lobbyist employer since January 15, 1999. Respondent qualified as a lobbyist employer throughout that time under Section 82039.5, subdivision (b), by employing a lobbying firm to influence legislative action.

For the six quarterly reporting periods between April 1, 1999 and September 30, 2000, Respondent failed to timely file six lobbyist employer reports, which it was required to file under the provisions of Sections 86116 and 86117, subdivision (a), as follows:

² Regulation 18116 dictates that if the last day of the month falls on a Saturday, Sunday, or official holiday, the filing deadline is extended to the next regular business day.

Count	Reporting Period	Report Required To Be Filed	Date Due	Date Filed
1	4/1/99 to 6/30/99	Lobbyist Employer Report	8/2/99	12/3/01
2	7/1/99 to 9/30/99	Lobbyist Employer Report	11/1/99	12/3/01
3	10/1/99 to 12/31/99	Lobbyist Employer Report	1/31/00	12/3/01
4	1/1/00 to 3/31/00	Lobbyist Employer Report	5/1/00	12/3/01
5	4/1/00 to 6/30/00	Lobbyist Employer Report	7/31/00	12/3/01
6	7/1/00 to 9/30/00	Lobbyist Employer Report	10/31/00	12/3/01

By failing to timely file the six lobbyist employer reports described above, Respondent committed six (6) violations of Section 86117, subdivision (a).

For each of the six quarterly lobbyist employer reports for the periods from April 1, 1999 through September 30, 2000, the Secretary of State's Office sent at least two letters to Respondent, advising Respondent that the report was past due. The second letter regarding each report advised Respondent that failing to file the report would result in a referral to the Enforcement Division of the Fair Political Practices Commission. Furthermore, for four of the six quarterly reporting periods, the second letter was sent to Respondent's Los Angeles address and to Respondent's San Francisco address. The Secretary of State's Office sent a total of seventeen (17) notices to Respondent regarding the six periodic reports.

The Political Reform Division of the Secretary of State referred the matter of Respondent's six delinquent lobbyist employer reports to the Enforcement Division on October 3, 2001.

On November 20, 2001, Enforcement Division Political Reform Consultant Linda Moureaux contacted Respondent's General Counsel, Mr. David Millstein regarding the six delinquent Lobbyist Employer Reports. The six delinquent Lobbyist Employer Reports were subsequently filed with the Secretary of State on December 3, 2001.

CONCLUSION

This matter consists of six counts, which carry a maximum possible administrative penalty of twelve thousand dollars (\$12,000).³

The typical administrative penalty for failing to timely file a lobbying report has historically ranged from \$1,000 to \$1,500 per violation. In this case, the number of reports not filed, and the length of time that they remained delinquent despite numerous notifications being

³ Prior to January 1, 2001, Government Code section 83116 provided that violations of the Political Reform Act were punishable by an administrative penalty of up to \$2,000. Proposition 34, approved by voters in November 2000, repealed those penalties and added the new section 83116, which provides that violations committed on or following January 1, 2001 are punishable by administrative penalties of up to \$5,000 per violation. Because all violations were committed prior to January 1, 2001, the maximum penalty applicable to each violation is \$2,000.

sent to Respondent by the Secretary of State evinces a pattern of systematic negligence that is particularly aggravating in this case. Due to these aggravating factors, a penalty higher than the typical penalty range is appropriate.

Accordingly, the facts of this case, as well as the aforementioned factors, justify imposition of the agreed upon penalty of ten thousand five hundred dollars (\$10,500).